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ZNR UUUUU ZZH
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FM AMEMBASSY PORT OF SPAIN
TO RUEHC/SECSTATE WASHDC 9861
INFO RUCNCOM/EC CARICOM COLLECTIVE

UNCLAS SECTION 01 OF 02 PORT OF SPAIN 000233

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PREL](#) [ECON](#) [EFIN](#) [ECIN](#) [TD](#)

SUBJECT: CARICOM: HEADS OF GOVERNMENT DISCUSS REGIONAL ECONOMIC CRISIS

REF: 2008 PORT OF SPAIN 397

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¶1. (SBU) Summary: CARICOM heads of government met May 24 in Port of Spain to discuss a regional response to the economic crisis. They encouraged member countries intending to approach the IMF to do so sooner rather than later, but also stressed the need for a medium-term regional approach to the crisis. A task force was appointed to review member states, financing plans and incorporate them into a regional program prior to a hoped-for CARICOM heads of government meeting with President Obama later in 2009. PM Manning announced the GOTT would consider donating USD 80 million next year to the CARICOM Petroleum Fund, perhaps putting this money under the control of a restructured Caribbean Development Bank. Manning also presented a paper on how to achieve regional economic and political integration to the leaders of St. Lucia, Grenada, and St. Vincent and the Grenadines, who had agreed in August 2008 to advance toward this goal. End Summary.

¶2. (U) Meeting for six hours May 24 in Port of Spain, CARICOM heads discussed both immediate responses and longer term regional solutions to the economic crisis buffeting their countries. They agreed on the need for immediate action, especially by states already facing serious financial difficulties, but also stressed such action should be within the context of a longer term regional strategy. The leaders advised that all countries considering going to the International Monetary Fund should do so as quickly as possible, but President Bharrat Jagdeo of Guyana also emphasized that CARICOM leaders should work out a common approach before meeting with the IMF and the Inter-American Development Bank. Manning agreed with Jagdeo, adding this common approach would be the focus of a CARICOM proposal to President Obama at their next meeting, expected later in 2009.

¶3. (U) CARICOM heads also urged the IMF to display more flexibility, stating it should apply different standards to developing and developed countries. Along these lines, Belize PM Dean Barrow, CARICOM Chairman, announced the formation of a task force to help member states develop financing proposals to the International Financial Institutions. The team will be led by Dr. DeLisle Worrell, Executive Director of the Caribbean Center for Money and Finance, and will include Derrick Latibaudietre, Governor of the Bank of Jamaica; Dr. Shelton Nicholls, Deputy Governor of the Central Bank of TT; and Dr. Garth Nicholls, Senior Director of the Research Division of the Eastern Caribbean Central Bank.

¶4. (U) The assembled leaders also agreed that the Caribbean Development Bank (CDB) should be restructured to become more responsive and to serve as a vehicle for channeling all development resources to the region. In line with this, Manning announced the GOTT is considering donating USD 80

million next (fiscal) year to the CARICOM Petroleum Fund. He indicated Trinidad's willingness to put the petroleum fund under the management of a restructured CDB, along with the CARICOM Development Fund and the Consolidated Fund, improving efficiency and allowing resources to be leveraged through matching contributions from the region's development partners.

¶ 15. (U) As part of the conference, and following up on his initiative begun last August (ref), Manning presented his colleagues copies of a report by a task force on economic and political integration headed by Professor Vaughn Lewis. Trinidad and Tobago, along with St. Lucia, Grenada, and St. Vincent and the Grenadines, agreed in August of 2008 to move toward economic integration by 2011 and political integration by 2013. Manning said the report would be made public May 30, after it had been presented to the cabinets of all four countries. Manning added that the current economic situation provides an impetus for greater political and economic integration among countries in the region.

¶ 16. (U) Although the issue was not on the agenda, both President Jagdeo and PM Ralph Gonsalves of St. Vincent and the Grenadines raised Barbados' new immigration policy on non-nationals, complaining it went against the trend toward greater freedom of movement that should be part of increased regional integration. Manning, for his part, stated that Trinidad traditionally had been lenient with citizens of other CARICOM countries.

¶ 17. (SBU) COMMENT: The decisions emanating from the May 24 meeting seem designed to help the region make a more compelling case for IFI and donor support and also to prepare for CARICOM's hoped-for meeting with President Obama later this year. Manning's plan for economic and political union

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continues to draw lukewarm reactions from many countries, but the smaller OECS nations seem at least willing to continue to entertain the idea, perhaps in hopes of receiving benefits from richer Trinidad.

Kusnitz